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Director of Central Intelligence

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POLAND: Martial Law Tactics

The government is attempting to use the carrot-and-stick approach to head off problems and encourage productivity as most workers return to their jobs this week. Soviet military officials in Poland continue to regard the situation as stable but are concerned about the effects of a food shortage they fear may take place in mid-January. Pravda, *meanwhile, has published another commentary that appears to argue for a measured Soviet response to US economic sanctions.*

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Warsaw on Friday announced extra benefits for workers in hazardous or demanding jobs. The measures--which include early retirement and disability pay--will apply to 2 million industrial workers in sectors that have been Solidarity strongholds. In addition, workers now will be paid for time lost when factories are idled by raw material shortages, long a source of labor unhappiness.

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At the same time, the government may be deploying more security forces to intimidate returning workers. The US Embassy yesterday noted an increased presence of police and military forces in Warsaw.

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Polish radio, reminding would-be strikers of the penalties they risk, announced the stiffest sentences yet handed out to Solidarity activists. Five organizers of the strike at the Katowice steelworks received prison terms of up to seven years--almost double that of other sentences--because of the "great damage" to the national economy.

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the authorities may seek to weed out militants in the Baltic coast shipyards by issuing new access cards. The government also is putting pressure on low-level supervisors in factories to maintain production levels by threatening to fire them if work quotas are not met. This tactic may yield mixed results because some workers probably feel little sympathy for their immediate superiors.

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Contrary to frequent press reports of harsh conditions for detainees, some at least have received good treatment. A respected intellectual in Krakow has told a US official that the conditions under which he was confined ranged from "adequate" to "excellent." In a rest home belonging to the Ministry of Interior, prisoners were even permitted to listen to Voice of America broadcasts on radios provided by guards. [redacted] 25X1

Conditions for detainees probably vary, however, and intellectuals may be treated differently than union activists. A recent Solidarity bulletin claims that 12,000 persons have been detained, significantly more than the 5,500 admitted to by the regime. [redacted] 25X1

Government Moves Toward Normality

[redacted]

A senior deputy in the parliament has hinted to a US Consulate officer that the entire body may meet soon to consider legislation, despite the continuance of martial law. The government probably hopes that the public would be more willing to accept controversial laws--especially on the contentious issues of economic reform and trade unions--passed by parliament rather than ones enacted by fiat. [redacted] 25X1 25X1

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Deputy Premier Rakowski reportedly told that Warsaw has the $350 million needed to pay all the interest on its commercial bank debt for 1981. The report, if true, means the money probably came from Moscow, because Poland has virtually no hard currency reserves and apparently has not received any new loans from Western banks. 25X1 25X1

West European Reactions

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Austrian Chancellor Kreisky yesterday reiterated his opposition to US economic sanctions against the USSR. In an interview on French television, Kreisky reportedly said it was naive to try to prevent the construction of the planned gas pipeline from Siberia to Western Europe. The Chancellor, who earlier characterized the sanctions as precipitous and premature, is opposed to any action that threatens detente and economic cooperation with the East. 25X1

The EC Foreign Ministers meeting today in Brussels will consider the Community's response to US sanctions.

Soviet Views

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A commentary in *Pravda* criticizes the present course of US foreign policy but asserts that this policy represents only one of two "strains" within the American establishment. *Pravda* attributes this "irrational" strain

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to the extreme right wing of the Republican Party and claims that once its "dangerous nature" becomes apparent a "realist" strain will reassert itself.

The article is the second in three days that appears to argue for a measured Soviet response to US sanctions. These commentaries may represent one side in an ongoing debate rather than a justification to Soviet critics that a decision already has been made.

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SPECIAL ANALYSIS

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WEST GERMANY - POLAND: Attitudes Toward Sanctions

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Bonn's cautious attitude toward the situation in Poland reflects the public consensus in West Germany. Barring an overt Soviet intervention or bloody repression by the Warsaw regime, this outlook is unlikely to change. [redacted] 25X1

There has been little public debate over the West German Government's position toward Poland and the USSR. Both coalition parties, the trade union movement, the business and banking communities, and even the opposition parties generally support the government's approach. [redacted] 25X1

The West German public has consistently sympathized with Solidarity. Long before martial law was declared, however, it believed that the situation was sliding toward economic and political anarchy. [redacted] 25X1

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The West Germans considered Soviet intervention a strong possibility as long as Solidarity continued to make political gains. They also feared that the West in general and West Germany in particular would face increasing difficulty bailing Poland out economically. [redacted]

Reaction to a Soviet Intervention

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Although the West Germans would react strongly to a Soviet military move into Poland, they will be reluctant for now to make any drastic moves. They do not want to jeopardize their economic interests--including the massive Polish debt to West German banks, only 40 percent of which is guaranteed by the government. Bonn also does not want to complicate its policy of reconciliation with East Germany. [redacted] 25X1

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Under current circumstances, Bonn believes that a distinction must be made between Warsaw and Moscow on the question of economic sanctions. Although the West Germans think that sanctions will have little impact on the Soviet or Polish regimes, they have made clear to the Poles that future aid is contingent on Warsaw's adherence to the promises made by Premier Jaruzelski on 13 December. [redacted] 25X1

The West Germans are unwilling for now to consider sanctions against the USSR. They do not believe that Soviet involvement has been overly blatant. Moreover, they fear that imposition of sanctions would remove an inhibition on Soviet intervention and deprive the Allies of their main retaliatory option if an invasion should take place. [redacted] 25X1

Schmidt's Strong Views

Chancellor Schmidt recognizes that his government has been singled out for its "weak" reaction, and he is likely to express his resentment forcefully. The West Germans consider themselves firm supporters of the West's principal objectives of salvaging some element of the Polish reform movement and avoiding a Soviet invasion.

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